

**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**The North Carolina Medical Care Commission  
701 Barbour Drive  
Raleigh, North Carolina**

**MINUTES**

**CALLED MEETING OF THE EXECUTIVE COMMITTEE  
CONFERENCE TELEPHONE MEETING ORIGINATING  
FROM THE COMMISSION'S OFFICE  
APRIL 7, 2011  
2:00 P.M.**

**Members of the Executive Committee Present:**

Joseph D. Crocker, Vice-Chairman  
Dr. George Binder  
Charles T. Frock  
Dr. Carl K. Rust  
Dr. Robert E. Schaaf

**Members of the Executive Committee Absent:**

Lucy Hancock Bode, Chairman  
Gerald P. Cox

**Members of Staff Present:**

Christopher B. Taylor, CPA, Assistant Secretary  
Alice S. Creech, Bond Program Assistant

**Others Present:**

Allen K. Robertson, Robinson, Bradshaw & Hinson, PA  
Gina Cocklereece, BB&T Capital Markets

1. **Purpose of Meeting**

To authorize the sale of bonds, the proceeds of which are to be loaned to Lower Cape Fear Hospice, Incorporated.

2. **Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of \$3,400,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Lower Cape Fear Hospice, Incorporated Project) Series 2011.** - Remarks were made by Gina Cocklereece and Allen Robertson.

**Executive Committee Action:** A motion was made by Mr. Charles Frock, seconded by Dr. George Binder and unanimously approved with Dr. Carl Rust abstaining from the vote.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities and to refund bonds previously issued by the Commission; and

WHEREAS, Lower Cape Fear Hospice, Incorporated (the "Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "nonprofit agency" within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) pay, or reimburse the Corporation for paying, the cost of acquiring, constructing and equipping a seven bed inpatient hospice care center to be located at 1004 Old Ocean Highway, Bolivia, Brunswick County, North Carolina (the "Project"), and (b) pay certain expenses incurred in connection with the issuance of the Bonds(as defined below) by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on February 11, 2011, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the issuance of the Bonds:

(a) a Trust Agreement, dated as of April 1, 2011 (the "Trust Agreement"), between the Commission and Branch Banking and Trust Company, as bond trustee (in such capacity, the "Bond Trustee"), including the form of Bonds attached thereto;

(b) a Loan Agreement, dated as of April 1, 2011 (the "Loan Agreement"), between the Commission and the Corporation;

(c) a Promissory Note, dated April 13, 2011 (the "Note"), from the Corporation to the Commission;

(d) a Guaranty Agreement, dated as of April 1, 2011 (the "Guaranty"), between the Corporation and Branch Banking and Trust Company as initial purchaser of the Bonds (in such capacity, the "Bank");

(e) a Reimbursement Note, dated April 13, 2011 (the "Reimbursement Note"), from the Corporation to the Bank;

(f) a Deed of Trust, Security Agreement and Assignment of Rents and Leases, dated as of April 1, 2011 (the "Deed of Trust"), from the Corporation to the deed of trust trustee, named therein for the benefit of the Bank;

(g) an Assignment of Construction Documents, dated as of April 1, 2011 (the "Assignment"), from the Corporation to the Bank;

(h) an Environmental Certification and Indemnity Agreement, dated as of April 1, 2011 between the Corporation and the Bank (the "Environmental Certification" and together with the Guaranty, the Reimbursement Note, the Deed of Trust and the Assignment, the "Bank Documents"); and

(i) a Contract of Purchase, dated April 13, 2011 (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and the Bank, and approved by the Commission and the Corporation;

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement and the Note; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Lower Cape Fear Hospice, Incorporated Project) Series 2011 (the "Bonds"), in the aggregate principal amount of \$3,400,000. The Bonds shall mature on April 1, 2033 and shall bear interest at such rates determined in accordance with the Trust Agreement and shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto. During the initial Bank-Bought Rate Period, the Bonds will bear interest at 78% of one-month LIBOR plus 1.30%, subject to adjustment under certain circumstances.

The Bonds shall be issued as fully registered bonds in (i) denominations of \$100,000 and any integral multiple of \$1,000 in excess of \$100,000 during any Bank-Bought Rate Period, (ii) denominations of \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Rate Period and (iii) denominations of \$5,000 and any integral multiples thereof during any Long-Term Rate Period or Adjustable Rate Period. While bearing interest at the Weekly Rate, Long-Term Rate or Adjustable Rate, the Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to (i) optional, extraordinary and mandatory redemption, (ii) during any Weekly Rate Period or Adjustable Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.10 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan to finance a portion of the costs of the Project and pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as

they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Note and the Bank Documents are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the Bonds to the Bank in accordance with the Purchase Agreement at the purchase price of 100% of the principal amount thereof.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.10 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Bank against payment therefor.

Section 11. Branch Banking and Trust Company is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. If the Bonds are converted to the Weekly Rate, a Long-Term Rate or an Adjustable Rate, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository of the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 13. Drexal Pratt, Secretary of the Commission, Christopher B. Taylor, C.P.A., Assistant Secretary of the Commission, and Kathy C. Larrison, Auditor of the

Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 14. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, and the Purchase Agreement.

Section 15. This Series Resolution shall take effect immediately upon its passage.

**3. Adjournment**

There being no further business, the meeting was adjourned at 2:09 p.m.

Respectfully submitted,

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Christopher B. Taylor, C.P.A.  
Assistant Secretary

Schedule 1

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014	\$105,000	2024	165,000
2015	120,000	2025	180,000
2016	120,000	2026	180,000
2017	135,000	2027	195,000
2018	130,000	2028	200,000
2019	135,000	2029	205,000
2020	145,000	2030	215,000
2021	145,000	2031	230,000
2022	155,000	2032	230,000
2023	170,000	2033*	240,000

\* Maturity

Executive Committee Minutes  
April 7, 2011

Professional Fees Comparison for  
Lower Cape Fear Hospice, Incorporated

<u>Professional</u>	<u>Fees Estimated In Preliminary Approval Resolution</u>	<u>Actual Fees</u>
Structuring fee (BB&T Capital Markets)	\$30,000	\$30,000
Corporation counsel	\$10,000	\$7,000
Bond counsel	\$35,000	\$35,000
Bank commitment fee	\$8,750	\$8,750
Bank counsel	\$20,000	\$20,000